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# Preface

2010 is a year to be marked along the course of international Corporate Social Responsibility (CSR) campaign. Tracing back to 1990, the world's first CSR production rules came into being with the textile and apparel industry as the forerunner, and Chinese enterprises, represented by the sector of textile and apparel, became subject to these rules and criteria. Looking into the past, by 2000, the year when the UN Global Compact was reached, no Chinese firm was found among the initial 40 signatory enterprises.

In 2005, China National Textile and Apparel Council (CNTAC) established the first CSR system - CSC9000T, marking a new age of China's CSR construction featuring self-regulation and self-motivation. And since then, China's textile and apparel industry has been amazing the world with many a breakthrough in sustainable development and CSR construction. In 2006, China's first CSR report was released; in 2007, the first CSR system agreement with overseas firm, CSC9000T and BSCI Cooperation Memorandum was signed; in 2008, China's first sustainability report - Guidelines for Apparel and Textile Enterprises (CSR-GATEs) was released; in 2009, ten textile enterprises made a collective effort by publicizing the first CSR report under independent verification. During 2005 to 2010, we saw no hesitation in China's textile industry's fulfilling its social responsibilities despite the shadows casted over the world economy.

In 2010, China overtook Japan and became the world's second largest economy and replaced Germany as the world's largest exporter. Also in 2010, China insisted that the differentiation principle between recognition and

practicing be added to the ISO26000 CSR international standard and, on that basis, voted yes to the final draft.

As coordination organization for all interested parties both at home and abroad, CNTAC expects to, with the fifth annual industrial CSR report by CNTAC, post the achievement in CSR construction as well as make known the relevant problems. During 2008 to 2009, trade organizations of banking, medicine and public health, and automobile also publicized industry-specific CSR reports of their own. In 2010, Securities Association of China, China International Contractors Association and Insurance Association of China followed to publicize their CSR reports. Thus, it can be seen that the practice led by CNTAC has become a joint campaign of the various industries, which has in turn made CSR construction and sustainable development a common concern among all industries in China.

Sponsored by CNTAC and composed by the Office of Social Responsibility of CNTAC, the report has drawn strong support from various departments and interested parties both in data access and text improvement. The report consists of four parts: Part I draws the outline, based on the industrial condition of China's textile and apparel industry in 2010, of the macro elements of the industry and their impact on CSR fulfillment of the industry; Part II mainly introduces the major tasks and progress of CSR work in 2010; Part III gives a detailed analysis on CSR standards, the trend of future CSR cooperation, and the experimental work of CSC9000T and BSCI; Part IV illustrates the 2010-to-2011 CSR program for China's textile and apparel industry.



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## Part I

# The development of textile and apparel industry and the influences of industrial macro factors on social responsibilities in 2010

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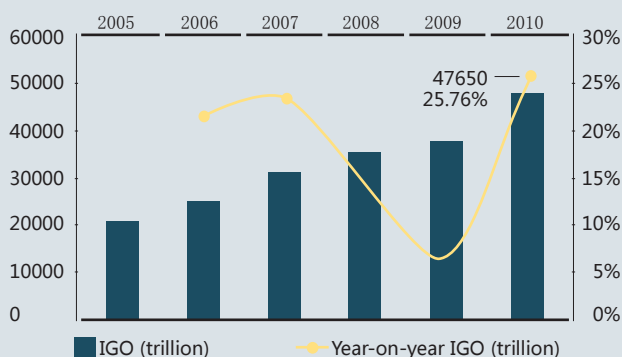
## The development of textile and apparel industry in 2010

2010 is the last year of the 11th “Five-year Plan” when the textile and apparel industry is confronted with complicated economic situations. Faced with complex development situations, the textile and apparel industry in China accelerated its reorganization of industrial structure; Moreover, with production, sales, export, and investment maintaining fast growth, the overall industry performed well.

### 1. Production and investment

**Production and sales grow steadily and continuously**—in 2010, textile and apparel enterprises above designated size accomplished an industrial gross output of 4.765 trillion RMB, an increase of 25.76%, a 17.16 % rise in growth rate compared with 2009, and 1.31 times the output of 2005. During the 11th “Five-Year Plan”, the annual average growth rate of industrial gross output was 18.22 % (Figure 1). The sales value of the industry in 2010 was 4.659726 trillion RMB, up by 27.46 % on a YoY basis, 16.88 percentage points higher over 2009. In 2010, the sales-output ratio reached 97.87%, holding the line of 2009. During 2005 to 2010, the sales-output ratio was hovering between 97% and 98%, with production and sales growing in tandem.

**Figure 1 Growth rate of industrial gross output (IGO) of textile and apparel during 2005 to 2010**

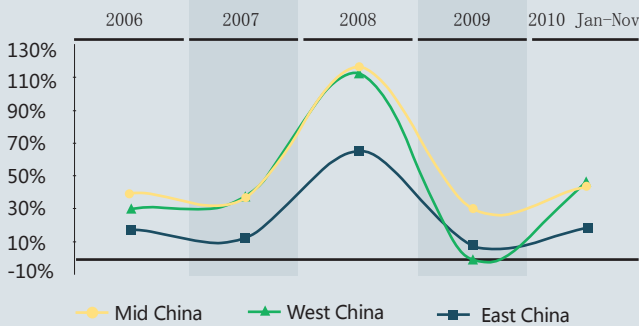


As to the output of main products, in 2010, the output of the majority of textile products increased rapidly as compared with 2009. According to the National Statistics Bureau, in 2010, the chemical fiber output of the textile enterprises above the designated size reached 30.897 million tons, exceeding 30 million tons for the first time, an increase of 15.55% over 2009, a rise of 1.24 % in growth rate compared with 2009; yarn output 27.1691 million tons, a cumulated increase of 13.74% over 2009, a rise of 1.03% in growth rate compared with 2009; cotton cloth output 65.547 billion meters, a cumulated increase of 19.45% over 2009, a rise of 14.18% in growth rate compared with 2009; clothing output 28.523 billion pieces, a cumulated increase of 18.6% over 2009, a rise of 11.66% in growth rate compared with 2009.

Investment grew steadily and regional adjustments accelerated—In 2010, the actual investment in the fixed assets of textile enterprises rebounded at a steady pace compared with 2009. According to National Statistics Bureau, from January to December in 2010, investment in the fixed assets of the textile industry in the form of projects of over 5 million RMB reached 403.669 billion RMB during 2010, an increase of 30.13% over 2009, a rise of 16.27% in growth rate compared with 2009; meanwhile, the number of newly-launched projects reached 8342, an increase of 7.9% over 2009.

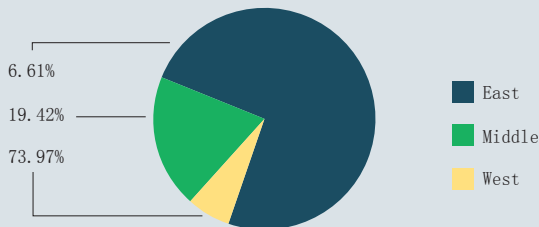
On the other hand, the regional adjustments of the textile industry in China had been accelerating. From January to December in 2010, the investment in East China was 210.64 billion RMB, an increase of 19.28% YoY; the investment in Mid China 155.612 billion RMB, an increase of 44.52% YoY; the investment in West China 31.417 billion RMB, an increase of 44.27% YoY. The year-on-year growth rate of the investment in Mid and West China were 25.24 and 24.99 percentage points respectively higher than that in East China (Figure 2).

**Figure 2 Year-on-year growth rate of investment in East, West, and Mid China**

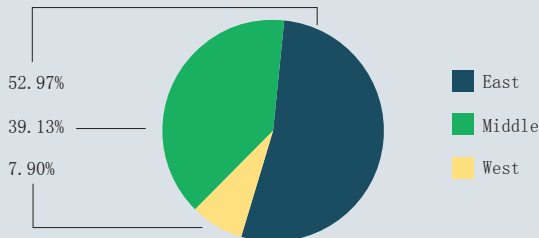


In 2010, the investment in Mid and West China were 39.13% and 7.9% of the total investment in the industry, a rise of 3.84% and 0.91% in growth rate compared with 2009 respectively, an increase of 19.71% and 1.29% over 2005.

**Figure 3 Investment ratio of East, West, and Mid China in 2005**

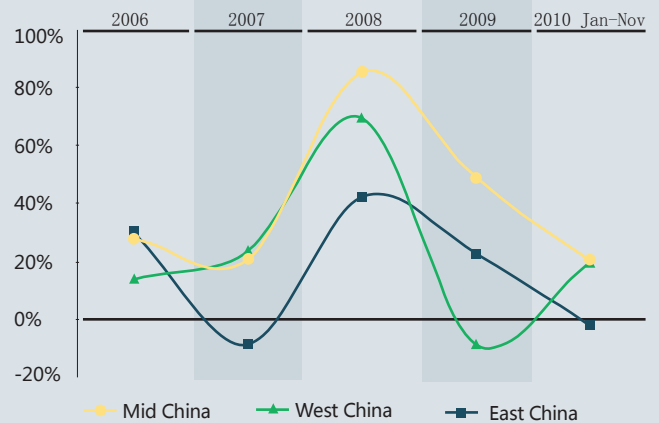


**Figure 4 Investment ratio of East, West, and Mid China in 2010**



As to the number of newly-launched projects, as shown in Figure 5, the financial crisis had accelerated the industrial shift and in 2010, the increase of investment in West China gradually showed its advantages of backwardness. During 2008 to 2010, the growth of the number of newly-launched projects in East China continued to fall while Mid China remained No.1 powering growth; from January to November, 2010, the growth bounced back considerably.

**Figure 5 Growth rates of the newly-launched projects in East, West, and Mid China**



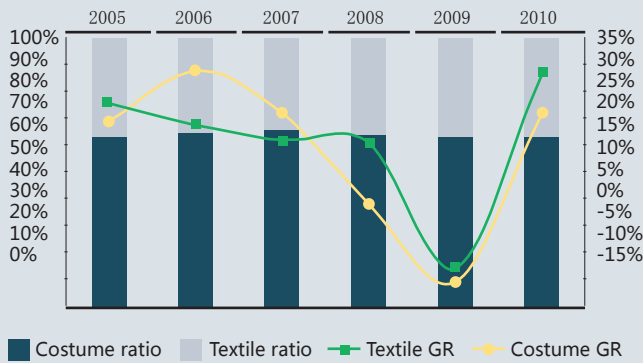
## 2. Market Performance

International market--2010 witnessed a growing demand in the international market with improved private consumption demand and corporate re-stocking momentum in developed countries, which, along with the active measures of industrial restructuring taken by Chinese enterprises, brought a historic high of China's textile export of 200 billion USD and had enhanced China's exportation strength ever since.

According to Custom statistics, the total export of textile and attire products in 2010 reached 212.001 billion USD, an increase of 23.76% over 2009, a rise of 33.41 percentage points in growth rate compared with 2009, among which, the textile export 82.523 billion USD, 38.93% of the total export, an increase of 28.43% over 2009; clothing and accessory export 129.478 billion USD, 61.07% of the total export, an increase of 20.95% over 2009. According to OTEXA statistics, from January to November, 2010, the total export from China to the US took up 41.43% of the total textile import of the US, an increase of 16.13% over 2005. The total textile export of China took up 31.72% of the total global textile export, a rise of 7.65% over 2005. The two figures had been on steady rise for 5 years, which indicated the growing competitiveness of China's textile exportation.

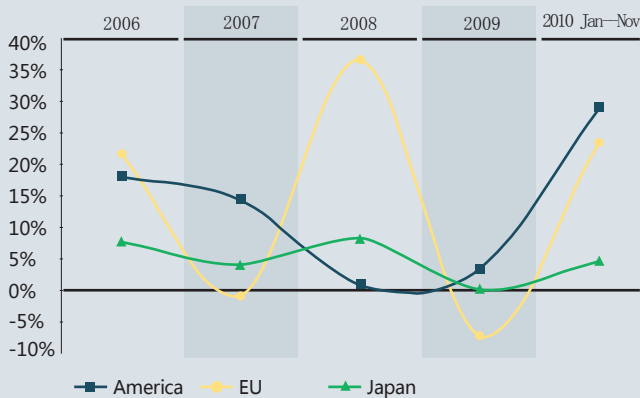


**Figure 6 The ratio and growth rate (GR) of costume and textile exports**

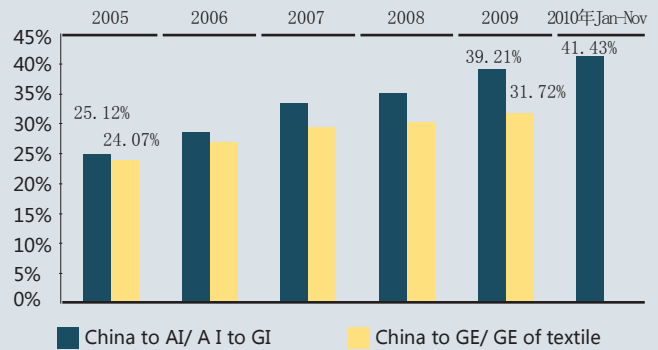


On the other hand, as shown in the Growth Rate Curves of Textile Export to Main Countries over Last 5 Years (Figure 7), influenced by the financial crisis and the policies coming from the developed nations during China's 11th "Five-year Plan", the export growth rate fluctuated considerably, with uncontrollable risks looming in the international market. During 2008 to 2010, the textile export growth rate exceeded that of the apparel for 3 consecutive years (Figure 6), and to some extent the costume manufacturing industry was shifting into neighboring countries.

**Figure 7 Exportation growth rate of the US, EU, and Japan**



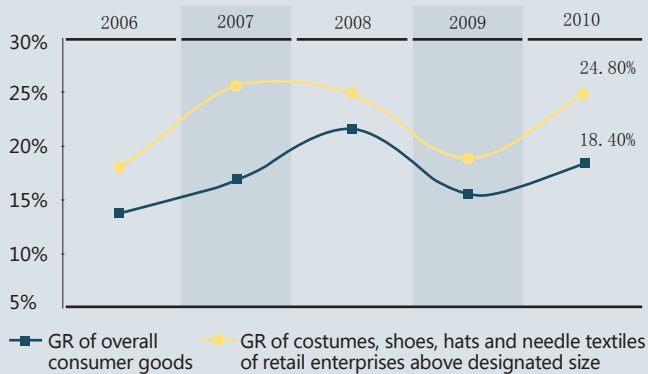
**Figure 8 China's ratio of export in American import (AI) and global export (GE)**



The domestic market—the domestic market remained prosperous in 2010 and people's living standard and consumption power had improved, which formed an important support for the rapid growth of textile domestic market, and which had further consolidated the support for the industry.

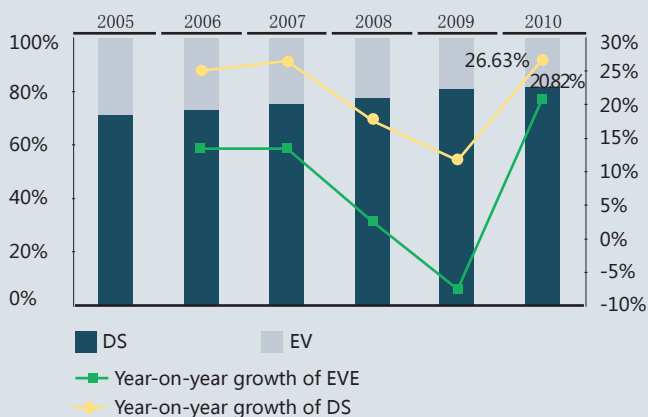
According to National Statistics Bureau, the whole-year gross retail sales of social consumer products reached 15.4554 trillion RMB, an increase of 18.4% over 2009, and an increase of 14.8% over 2009 in real terms after adjustment for inflation. The gross retail sales of costumes, shoes, hats and needle textiles of retail enterprises above designated size reached 587.4 billion RMB, an increase of 24.8% over 2009, 6.4 percentage points higher than the gross retail sales of social consumer products during the same period. As shown in Figure 9, during the 11th "Five-year Plan", generally 4%—6% higher than the growth rate of social consumer products, the growth rate of retail sales of costumes, shoes, hats and needle textiles moved in the same direction, though a little earlier, with that of social consumer products.

**Figure 9 Growth rate of retail sales of overall consumer goods in society and costumes, shoes, hats, and needle textiles.**



Driven by the strong domestic consumption demand, the domestic market continued to provide more solid support for the whole industry. According to National Statistics Bureau, in 2010, the domestic sales output of enterprises above the designated size reached 3.799585 trillion RMB, an increase of 26.63% over 2009, taking up 81.54% of the industrial sales output, a rise of 1.68% over 2009. During the 11th “Five-year Plan”, the growth rate of domestic sales output continued to exceed that of the exchange value of exports. The domestic ratio continued to climb. In 2010, the domestic sales ratio was 81.54%, a rise of 10.55% over 2005 (Figure 10).

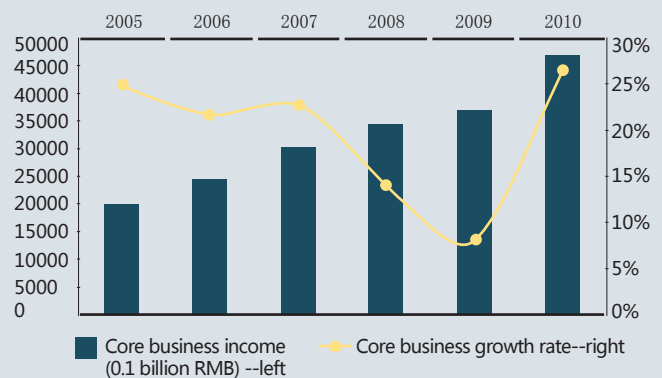
**Figure 10 The ratio and growth rate of exchange value of exports (EV) and domestic sales (DS)**



### 3. Economic benefits and production efficiency

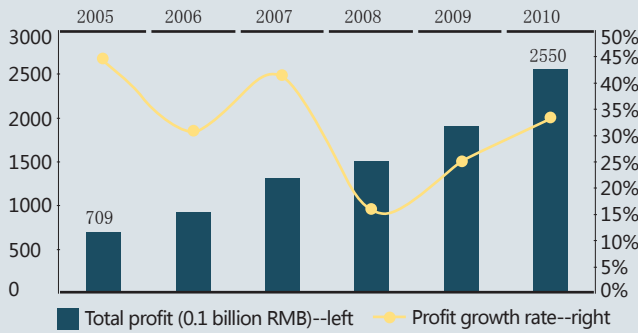
Income and profit increased, earning power improved—The income of the core business of the textile industry in 2010 reached 4.69 trillion RMB, an increase of 26.53% over 2009 (Figure 11), profit of 255 billion RMB, an increase of 33.69% over 2009 (Figure 12). The profit margin and ratio of profits, taxes and interests to average assets was 5.44% and 13.89%, respectively (Figure 13), both having bounced back significantly since 2008. During the 11th “Five-year Plan”, influenced by the financial crisis, the primary textile business income growth rate of 2008 slumped. It began to rise steadily since 2009 and surpassed pre-2007 growth in 2010. The movement of total profit of the industry is similar to that of the primary business income. It started to rebound at a steady pace since 2008 but had not exceeded the growth rate in 2007 by the end of 2010. However, the overall profit margin of the industry and the ratio of profits, taxes and interests to average assets improved considerably, a rise of 1.91% and 4.72% over 2005 respectively. The level of industrial added value also witnessed a considerable increase.

**Figure 11 Income and growth rate of the core business**

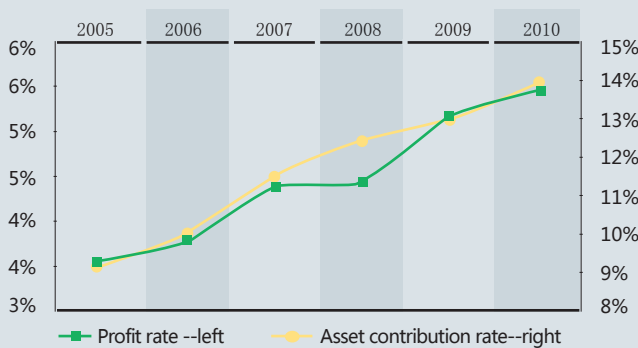




**Figure 12 The total profit and its growth rate**

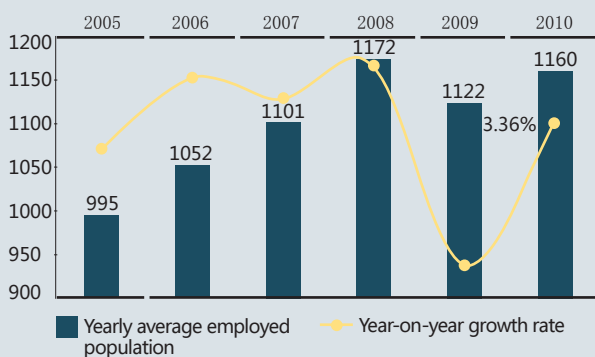


**Figure 13 Profit margin and asset contribution rate**



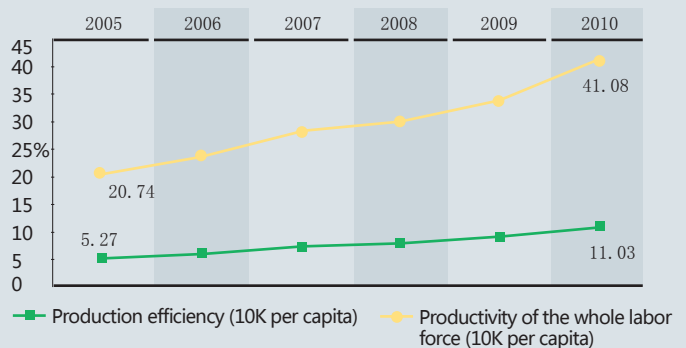
**Employment improved, production efficiency went up**—The employed population of the enterprises above designated size in 2010 reached 11.6 million, an increase of 3.36% over 2009, close to the pre-crisis level of 11.72 million, and an increase of 16.6% in employed population over 2005. During the 11th “Five-year Plan”, the annual average growth rate reached 3.12% (Figure 14), which laid a solid foundation for the development of the overall industry.

**Figure 14 Yearly average employed population and year-on-year growth rate**

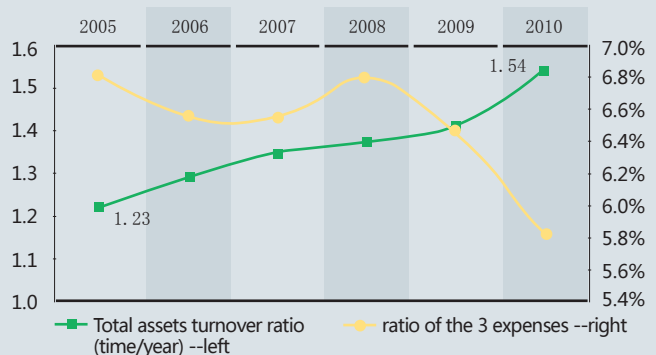


Calculated by the industrial gross output, the production efficiency of the textile industry in 2010 was 410.8 thousand RMB per capita and the annual average growth rate during the 11th “Five-year Plan” was 14.65%. Calculated by the added value, the productivity of the whole labor force in the industry was 110.3 thousand RMB per capita and the annual average growth rate was 15.91% (Figure 15). The ratio of selling expense, administrative expense and financial expense in 2010 reduced by 5.82% and the gross asset turnover of textile industry was 1.54 times per year, improving by 0.062 times/year on average during the 11th “Five-year Plan”. The asset management efficiency constantly improved (Figure 16). All of these indicated the constant improvement of overall management and the asset profitability of the textile industry.

**Figure 15 Production efficiency and productivity of whole labor force**



**Figure 16 Production efficiency and productivity of whole labor force**



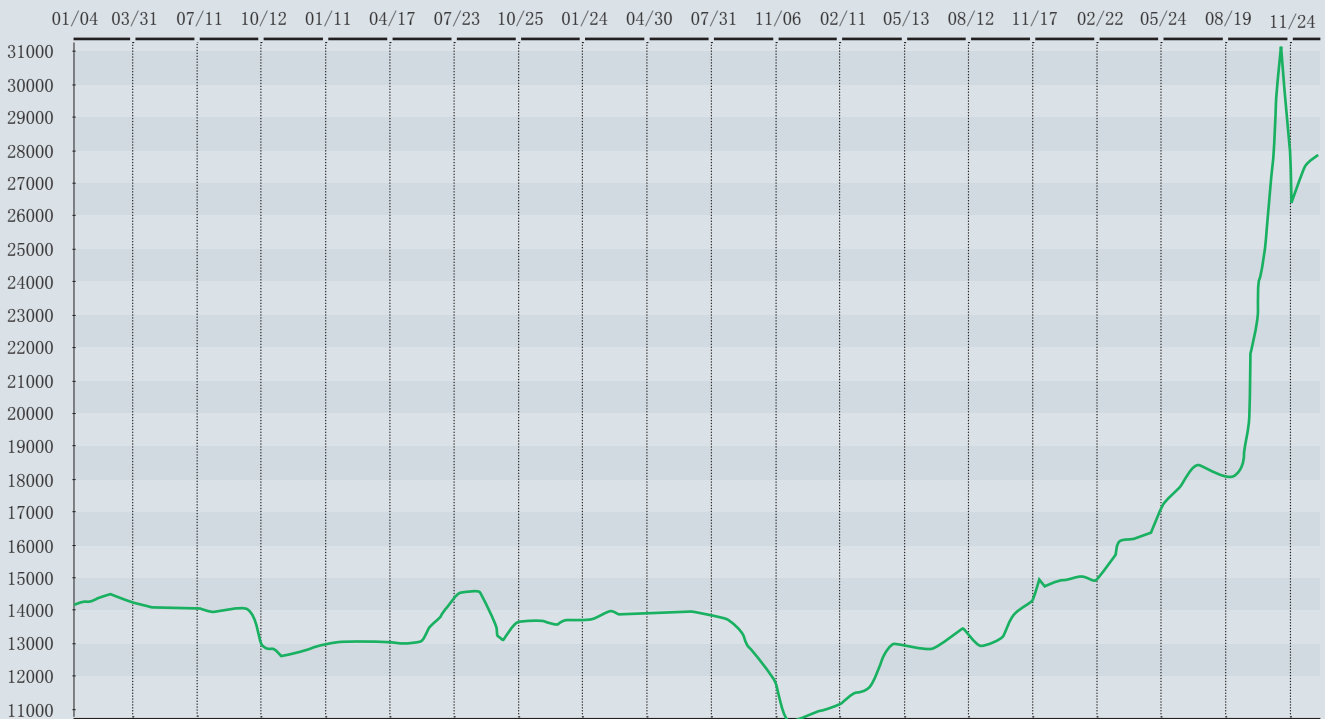
## The influences over social responsibilities imposed by industrial macro factors.

### 1. Raw materials and labor cost

The average price of Level 328 cotton in the domestic market reached 19,446 thousand RMB per ton in 2010, an increase of 51.55% over 2009. Especially from September to November, prices of different levels of cotton invariably soared by 60%-70%. The spot price of Level 328 cotton went up from 18 thousand per ton to 31 thousand per ton, constantly chalking up historical highs. Meanwhile, with cotton price surging, the prices of rayon staple which is made of cotton and polyester staple fiber, the substituent of rayon staple, rose considerably by 27.79% and 34.91% respectively over 2009, putting huge pressure on the cost of raw materials of textile industry.

As to the labor cost, during the 11th “Five-Year Plan”, the growth rate of average income in textile industry remained above 20%, a higher rate than that of the overall manufacturing industry. Currently, the wage level of textile industry basically equates that of the overall manufacturing industry. (Figure 18).

**Figure 17 Movement of the price of National Level 328 cotton during 2006 to 2010**



**Figure 20 Average annual salary of textile industry and the overall manufacturing industry**

At the end of 2010, the research conducted by the National Textile and Apparel Council ranging over 78 textile enterprises runners showed that the raw-material purchase cost of 94.5% enterprises went up at least by 10% over 2009, among which the cost of 45.8% enterprises went up by over 30%; the current-period power fuel cost of 33.3% sample enterprises went up by 10%-20%, and the power fuel cost of 16.7% enterprises went up by over 20% over 2009. The research also indicated that the pressure of labor cost had increased and textile industry suffered from severe labor shortage. The research showed that the labor cost of 29.3% enterprises went up by over 20% over 2009, and only 17.3% enterprises kept the growth of labor cost within 10%. 83.8% of enterprises were short of labor, among which, 55.4% were suffering from a labor shortage over 10%.

To a large extent, the rise of labor cost which mainly consists of income and welfare is one of the main social responsibilities of enterprises, which indicates that the market mechanism of enterprises being responsible for the society has promoted the treatment of labor force and the overall welfare of the society. The continuous existence of labor shortage will promote the efficacy of this mechanism in a longer run. On the other hand, the rise of labor cost in textile enterprises, together with the hike of raw materials and the pressure of inflation will put to test the enterprises' human resource management capacity, the operating capacity and the adaptability to changes in the market. The producing and operating

pressure of textile and apparel enterprises will make them more prudent in investing in social responsibilities.

In the above research, most enterprise runners were prudent about the future anticipation of the industry. The raw materials (as the cost) and the labor force (as the factor of production) are two factors closely related. Under the situation of rising labor cost and fluctuating price of raw material, how to reduce the staff turnover through effective social responsibilities management and how to improve the initiative and skills of the labor force and reduce the wastage of raw materials through improving the one-time finished product rate and general utilization rate of raw materials have rose to occasion.

## 2. Industrial shift and the domestic market

The trend of textile industry shifting the output from the eastern coastal areas to the middle and west accelerated in an apparent way in 2010. Some manufacturing production capacity started shifting to the neighboring countries as well. Meanwhile, the domestic market provided stronger support for the textile industry (statistics offered above). Such changes had brought about new challenges to the industry as to meeting social responsibilities.

Firstly, in the domestic market, most enterprises will not face the pressure from the buyers on the supply chain and few domestic brands require social responsibilities from their suppliers. On the other hand, the government supervision and legislation can neither attend to every aspect of the matter, nor can the end consumers form an effective pressure group to influence the enterprise activities. That is the systematic reason why the domestic market characterized by the poisonous milk and Clenbuterol and Ractopamine this year severely lacks the social responsibilities. Therefore, to a larger extent, in the domestic market, the requirement of social responsibilities depends on the active consciousness and collective actions of

the enterprises and the industry. The industrial shift should not be a choice to shift the attention from social responsibilities or the pressure.

Secondly, the experience of developing the textile and apparel industry in the northern-eastern coastal areas of China over the past 30 years indicates that the industry development policies that are flexible to issues like labor protection and environment can promote the rapid growth of manufacturing, but it can cause the basic contradiction between the industries like textile and apparel and the social responsibilities. For the textile and apparel industry shifted to the middle and west, how to stick to the social responsibilities at a relatively higher starting point, how to avoid repeating the mistake of aimless growth in the east, is another big long-term challenge brought about by the industrial shift to the industry.

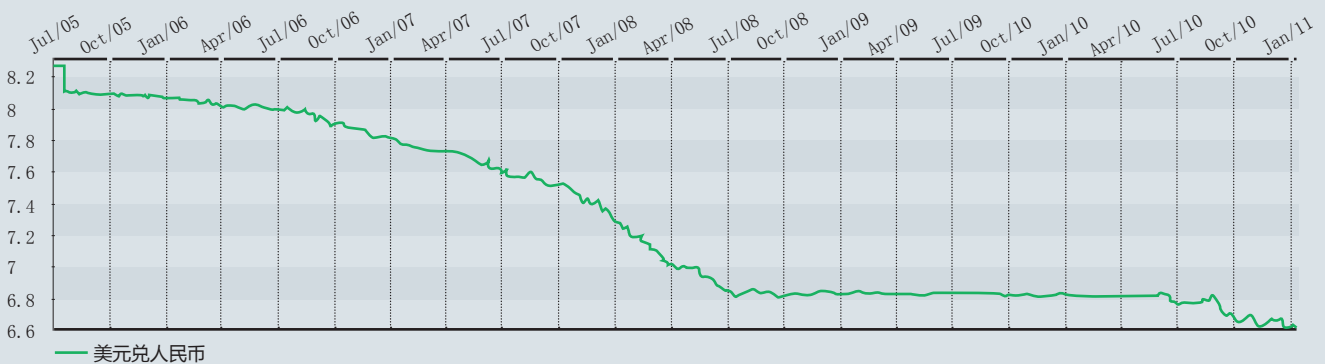
Thirdly, with domestic market in China being increasingly open up to the world, the production capacity shifted to the neighboring countries may flow back to the domestic market. Therefore, whether the international textile and costume brands and retail sellers entering the domestic market can ensure their responsibilities and values exported to the market in China is also a challenge to the wisdom of each relevant player. The domestic market players should actively impose the end influence upon the parties

related to the international textile and costume supply chain, eventually influencing the working conditions and the level of environmental protection of neighboring countries, making them not to aim at the comparative advantages of textile industry in China based on a mode of production that sacrifices the social responsibilities.

### 3.The international trading environment

Exchange rate—The RMB continued to appreciate against USD in 2010 and RMB’s exchange rate against USD continued to chalk up new records since 2005, when the exchange rate began to change. The advanced economies are recovering slowly from the financial crisis. Lacking the drive for investment and consumption growth, they compete to increase exports to promote economic growth. During the “rebalance” of global trade, upward pressure on the RMB constantly increases. Meanwhile, the core measurements that influence the exchange rate like foreign reserves, the trade surplus are constantly rising, which have been passed down pressure further to enterprises through the mechanism of exchange rate. Researches indicate that when RMB is appreciated by 1%, the profit margins of cotton textile, wool textile and apparel industry will drop 3.19%, 2.27% and 6.18% respectively.

Figure 21 USD exchange rate against RMB from 2006 to 2010



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The trade barriers—China replaced Germany to become the biggest export country in the world in 2010. On the other hand, the protectionism mainly characterized by technical barriers to trade (TBT) imposed by main export markets has made the trading environment of China continue to deteriorate. An apparent trend in 2010 is that like the advanced economies, the developing countries all adopted various trade protection policies that influenced the textile and apparel industry in China. Due to the complete standards and supervision system, advanced economies adopted more technological protection measures, especially the so-called “green barriers” while developing countries were apt to adopt traditional trade protection policies like anti-dump, anti-subsidies and other special safeguard measures.

The western countries constantly revised the technology standards in 2010. The REACH and CPISA carried into force, which indicated that issues like ecological design, energy efficiency, chemical supervision and product safety would continue to influence the textile enterprises in China. With the technology threshold lifted up, the recall issues on Chinese textile products and costumes targeted by the America, Canada and EU by TBT began to mount. In 2010, it was 37, 23 and 304 respectively, an increase of 54.17%, 228.57% and 42.72% respectively over 2009. From July, 2010, the Japan Textile Federation carried out a self-discipline standard to no longer import and use textiles and costumes containing azo dyes. After one-year transition period, the restriction of this standard would begin to show its effect in the second half of 2011.

On the other hand, the financial crisis had made developing countries and regions adopt more and more trade protectionism against China. In 2010, the initiators of trade protectionism targeting China extended from America and EU to developing countries. In 2010, the textile and apparel industry in China encountered 40 cases concerning anti-dumping. Though the initiators were still mainly in America and EU, trade conflicts

with countries like India, Turkey and Argentina were growing apparently. Among the 40 cases, India pressed 7 charges, only 4 less than America; Turkey pressed 5, holding the line of EU.

It can be seen that from 2010, the textile and apparel industry in China has started to be confronted with a real “global challenge”, which requires the industrial enterprises and organizations to continue to value the social responsibilities factors like labor, environment, product safety that will influence the “blueness” and “greenness” of the products, gradually improve production technologies, promote product qualities and responsibility values, adapt to market needs and avoid responsibility risks. On the other hand, the industrial enterprises and organizations should confront with the unfair trade protectionism and restrictive measures directly, objecting simply to link social responsibilities directly with trade conditions. Meanwhile, the change of trading environment in China is suggesting the competent government departments reconsider the requirements for access to the domestic market and lift thresholds of such factors like the environment, health, and safety of imported products, ensuring domestic consumers attain more responsible products.

#### **4. The challenge of energy conservation and emission reduction**

Chinese government continued to promote and specify the requirements for energy conservation and emission reduction in 2010. A series of policies against the energy conservation and emission reduction of textile industry were formulated and specific targets were assigned.

In January, 2010, Wen Jiabao, Premier of the State Council, pointed out specially at the Executive Meeting of the State Council that the steps to close down outdated production facilities in the textile industry should be quickened and specific tasks and targets

have been outlined to eliminate backward capacity in the major industries like light industry and textile industry. In early April, A Notice to Further Close down Outdated Productivity by the State Council was made public. Shortly after that, on 27th May, the Ministry of Industry & Information Technology officially released the tasks and targets of closing down the outdated productivity in 18 industries in 2010. On the list, the catalogues concerning textile, costumes, and shoes are: closing down 12 million-piece pieces leather capacity, 3.13 billion-meter printing and dyeing capacity, 558 thousand-ton chemical fiber capacity. On 6th December, the Ministry of Industry & Information Technology issued the Guidance Catalogue of Closing Down Outdated Production Process and Equipment and Products of Some Industries (2010 version), among which, 35 items are concerned with the textile industry. The power rationing carried out in the latter half of 2010 resulted in a downturn many textile and apparel businesses suffered..

Energy conservation and emission reduction will continue to be one of the most important social responsibilities for producers and manufacturers. The trend of policies has indicated that to close down outdated capacity, improve energy efficiency and reduce emissions is not only the orientation of textile industry's development, but also the firm requirement of many concerned parties like government, community and clients. Therefore, the textile and apparel enterprises



must put long-term effort on and constant investment in it. Meanwhile, the various parties including the government should realize that energy conservation and emission reduction cannot be done in a short period of time by solving particular cases. It must be implemented through persistent efforts. When strictly examining and approving new projects, the related government departments should value the reorganization and reform of reserved enterprises in an ordered and planned way; meanwhile, by systematically utilizing policies concerning finance and credit, departments should promote and make it more convenient for enterprises to fully and effectively utilize technologies and other resources to conserve energy and reduce emissions.

## 5. The requirement for sci-tech innovation

Du Yuzhou, Chairman of China National Textile and Apparel Council, once pointed out that “The hi-tech group that emerged in the second half of 20th century is changing the traditional industries at an unexpectedly fast rate...It will vitalize the traditional textile and apparel industry for development, bring countless opportunities for promotion and development.” In the development plan of textile industry for 11th “Five-Year Plan”, he also mentioned “the industrial development should emphasize the sci-tech contribution rate and brand contribution rate”. In 2010, the requirement of textile industry for sci-tech innovation was again elevated into a new height.

In November, 2010, The Outline for Sci-tech Progress of Textile Industry during the 12th “Five-year Plan” (the “Outline”) was officially published. It pointed out that during the 12th “Five-year Plan”, focusing on breaking through key technologies, the textile industry in China will promote the application of applicable advanced technology and equipment in a large scale, improve the system of sci-tech innovation, accelerate the team development of textile elites, promote the research and development of original

technologies, elevate the general production efficiency and products added value. The outline put forward the “textile science and technology 50+110” project, that is, targeting the main technological bottlenecks restricting the development of textile, during the 12th “Five-year Plan”, the industry break through 50 key technologies, promote 100 advanced technologies and equipment of extensive application and elevate the overall technology of the industry.

The sci-tech innovation and social responsibilities are supplementary to each other. Firstly, only by valuing the rights of industrial practitioners and stimulating their initiatives can the industry convert elites, the foremost resource, into science and technology, the primary productive force. Secondly, one of the focuses on sci-tech innovation of the textile industry should be energy conservation and emission reduction, accelerating the industrial restructuring and upgrading to ensure the sustainable development of the industry. At last, the sic-tech innovation should be the important differentiator of the future market competition. The sic-tech innovation should not only coordinate the needs of clients and customers, but also promote sustainable consumption and customer’s selection of business location, leading the industrial value chain onto the right track.

## 6. The release of ISO26000

On November 1st, 2010 in Switzerland, through many years’ discussions and many drafts, the ISO issued ISO26000, the standards and guidelines for social responsibilities. China took part in establishing the standards and voted for it. ISO26000 Clearly states definition and meaning of social responsibility, put forward the basic principles of social responsibility, set

out the core themes of social responsibility and suggest the basic methods for the implementation of social responsibility.

The release of ISO26000 helps to unify the understanding of people from different walks of life towards the social responsibilities and provides guidelines as reference for enterprises to perform social responsibilities. Based on adoption by will and scientific utilization, ISO26000 will help the textile and apparel industry in China learn advanced international experiences, promote industrial structure upgrading, and enhance its international competitiveness.

Though ISO26000 emphasizes its function of a guideline rather than rules of authentication, we cannot rule out the possibility of authenticating standards based on ISO26000. The problem is, the release of ISO26000 and authenticating standards simply exerts more social responsibilities on middle and small textile enterprises as well as export-oriented enterprises, which only cumpers the businesses with more authenticating pressure that the businesses have been suffering since the 1990s. Besides, their understanding of social responsibilities will stay on the level of authentication, affecting the enterprises, among other related parties, to systematically improve their management and ceaselessly boost their performance of social responsibilities. Therefore, all parties should make wise use of the ISO26000 to foster business mode improvement and the social competitiveness of the textile and apparel industry, avoiding misuse of it simply as an authenticating reference like many others, so that it can exert positive effects on improvement of the sense of social responsibilities in the long run, and will not be limited as a domestic trade barrier.







## Part II: The 2010 CSR Construction of China's Textile and Apparel Industry

- Strategic Adjustment of CSR Work
- Practice of CSR Reporting
- Special Trainings
- Cooperative Extension of CSR
- International Cooperation of CSR



For China's textile industry, 2010 was a year of great development and various breakthroughs in its work of CSR construction. In this part, the report will focus on the adjustment of strategic emphasis of the CSR construction work in 2010, and the specific tasks carried out in aspects like CSR reporting, specialized training, popularization, and international cooperation.

## I. Strategic Adjustment of CSR Work

Like the many organizations both at home and abroad, CNTAC started its CSR work by looking into the laborer issues. In recent years, with the gaining significance of energy conservation and emission reduction, market competition and such focal points for industrial development, CNTAC has put environmental protection and fair competition as its new focus of CSR work. As a result, the year 2010 has become the node for such strategic adjustment.

### 1. The overall positioning of industry-specific CSR

On July 30, 2010, CNTAC held the "2010 Joint Release Conference of Sustainability Reports of China's Textile and Apparel Enterprises and meanwhile the Fifth Anniversary Retrospective of Sustainability Practice by China's Textile and Apparel Industry from 2005 to 2010" at the Great Hall of the People in Beijing. Mr. Sun Ruizhe, Vice President of CNTAC, made a keynote speech entitled "Social Responsibility for China's Textile and Apparel Industry - Trend and Challenges", and pointed out that social responsibility was emerging as one of the basic parameters for the industry's development track and the key variables for an enterprise's operation and management. He said that social responsibility would play a two-sided role for textile and apparel enterprises, functioning either as a chance or a challenge. And such differentiation of

roles with social responsibility as the reference frame would become increasingly evident. On this basis, he elaborated on the three social responsibilities of the textile and apparel industry, and put forward a new strategic plan for future CSR construction.

#### Social responsibilities of China's textile and apparel industry

► **Micro responsibilities (towards individuals):**

To protect laborer's rights, fair opportunities and dignities and to let them work in a decent way; to provide customers with sufficient products of high quality and low price, and to improve their living standard and consumption quality.

► **Meso responsibilities (towards society):**

To protect and improve the environment, and to uplift the rate of energy utilization; to achieve standardized and sustainable industrial order and social value, and to promote the rule of law and civilization in both the market and the society.

► **Macro responsibilities (towards the nation and the world):**

To provide, maintain and promote employment, and to safeguard the necessities for livelihood of the people and harmony of the country; to stabilize and optimize the international supply chain and value chain, and to offer "made in China" products to benefit the whole world.

The industry will shift its future CSR construction from micro responsibilities to a more comprehensive view that includes environmental protection, market competition, and the harmonization of various responsibility types. On this basis, CNTAC presented at this annual conference four strategies of the industry's CSR construction to face up the new situation:

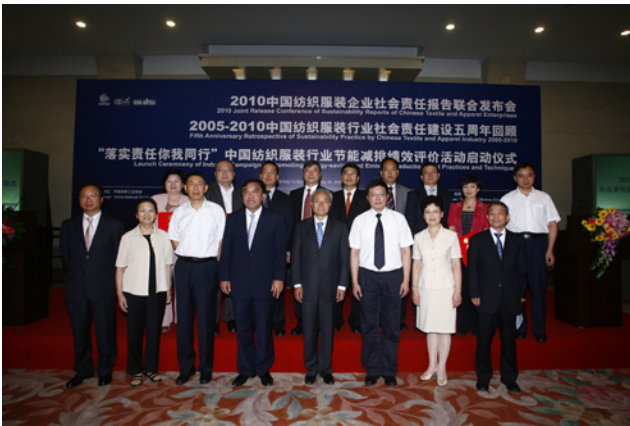
● **Verticalization:** To promote CSR construction in sub-industries and in specific regions; to set up responsibility samples and responsibility selection mechanism among those industry-leading enterprises and locally strong enterprises on the basis of the

scientific development;

●**A double-track mechanism:** To adopt a double-track mechanism of “management system and performance reporting”, so as to strengthen enterprises' CSR management capability, enhance a transparent and democratic operation, and establish a responsibility-oriented atmosphere of healthy competition.

●**Policy-based promotion:** To spread experiences via a industrial cooperation platform, seek more national supports, and to integrate CSR management and performance disclosure mechanism into the industry's development strategy and implementation plan;

●**Cooperation localization:** To implement the CSR system cooperation among the supply chain in a more practical way, and to push social responsibility system cooperation and mutual recognition work to a substantial stage.



## 2. An initiative for energy-saving & emission reduction and green working skills

To implement this strategic adjustment, CNTAC launched the Industry Campaign in Promoting Energy-saving and Emission Reduction Best Practices and Technologies of China's Textile and Apparel Industry in Beijing in July, 2010, and issued the “Proposal of Performance Evaluation on Energy-saving and Emission Reduction of China's Textile and Apparel Industry”, calling on all enterprises and interested parties to carry

out energy-saving and emission reduction activities so as to build up a green industrial chain. Different from campaigns of the past, this mass activity is an exploratory practice by the textile industry to save energy, reduce emissions and protect the environment; moreover, the campaign was launched to call on enterprises and employees to combine environmental protection with labor works, and to collect small technical reforms, inventions, creations and innovations about water conservation, energy-saving, resource-saving and comprehensive utilization, low-carbon and emission reduction, so as to enhance employees' consciousness of environmental protection and green working skills, reduce production costs for enterprises, improve labor productivity, promote the progress of energy-saving and emission reduction technologies, and activate the internal impetus of technical innovation.

The active participants in the campaign include International Labor Organization (ILO), United Nations Industrial Development Organization (UNIDO), industrial associations in Sichuan province and Shandong province, and relevant government departments and enterprises in Pinghu City and Haining City, Zhejiang province, as well as Xiqiao Town and Jun'an Town, Foshan City, Guangdong Province. If this initiative should meet with success, CNTAC would regard the initiative as a long-term mechanism and popularize the green working skills within the entire industry.

## II. Practice of CSR Reporting

For the first time in June 2009, ten textile enterprises jointly released a CSR report, which marked a milestone along the course of domestic industrial social responsibility construction and which aroused extensive social attention. In the “Guanhong Cup” 2009 Top Ten News of Textile Industry held by China Textile News, CNTAC, and Economic Daily Group on January 12, 2010, “10 Textile and Apparel Enterprises Jointly Releasing for the First Time Social Responsibility

Information” hit the Top Ten list.

## 1. The CSR report Releasing platform

On July 30, 2010, CNTAC held the “2010 Joint Press Conference of Sustainability Reports of China Textile and Apparel Enterprises” at the Great Hall of the People in Beijing, at which eight textile and apparel enterprises, including Changzhou New Wide Knitting and Dyeing Co., Ltd., Advantetex Fashion Garment Manufacturing (Huizhou) Limited, High Fashion Silk (Zhejiang) Co., Ltd., Huafu Top Dyed Melange Yarn Co., Ltd., Jiangsu Danmao Textile Co., Ltd., Jingwei Textile Machinery Co., Ltd., Quanzhou HTT Corporation and Zhejiang Tiansheng Holding Group Co., Ltd. released their 2009 CSR reports. All the reports were compiled in accordance with the China Sustainability Reporting-Guidelines for Apparel and Textile Enterprises (CSR-GATEs) under independent verification by a third authority. Before the conference, the Office of Social Responsibility had provided special trainings and instructions on the compilation of the reports for these enterprises.

The Joint Press Conference of Sustainability Reports of China’s Textile and Apparel Enterprises is the first industrial CSR report platform for Chinese enterprises. Since 2009, nearly 20 textile enterprises released their first and/or the second reports via this platform.

At the conference, CNTAC also publicized the 2009-2010 Annual CSR Report of China’s Textile and Apparel Industry, which is the fourth industry-level CSR report released by CNTAC during the four consecutive years.

## 2. Social recognition of CSR reporting practice

Jointly hosted by China WTO Tribune, the Sino-German Corporate Social Responsibility Program

(GIZ) and China Business Council for Sustainable Development (CBCSD), the 3rd International Conference on CSR Reporting was held in Shanghai on December 1, 2010. The report by Jiangsu Danmao received “2010 Golden Bee CSR Report - Growing Enterprise Award”, and the Advantetex Fashion Garment report received “2010 Golden Bee CSR Report - Special Award in Employee Responsibility”. This was another time that textile companies was awarded the prize since Jiangsu Hongdou Group Co., Ltd. and Jingwei Textile Machinery Co., Ltd. won such awards in 2008 and 2009 respectively, which well indicates that many textile and apparel enterprises have brought their CSR performance disclosure practices into a more mature stage, and have been drawing more and more attention from interested parties.

## III. Special Trainings

In 2010, the CSR Office of CNTAC made great efforts in establishing an industry-specific training scheme. Through independent research and joint development, the Office provided specialized training to textile enterprises in tally with their requirements and industrial practice.

On August 29, 2010, the Special Training on “Man-hour Control and Productivity Improvement” was held by the CSR Office in Wenzhou, aiming at improving the practical CSR management capabilities of key apparel enterprises in Wenzhou. Fifty-five executives from 20 member enterprises of Wenzhou Apparel Association participated in the training. The training updated manufacturers with new thoughts and skills contributing to production efficiency improvement, helping them optimize production work flow and advance CSR performance work through improved efficiency. On December 26, the Office held the second training themed “Labor and Capital Relations in the New Social Context” in Wenzhou. The training probed into the current labor market and laborer’s particularities,

analyzed specific cases and encouraged enterprises to upgrade HR management and establish responsible and harmonious corporate culture.

Moreover, in response to the hot and difficult employment issues in recent years, and with the purpose of acquainting CSC9000T enterprises with the industry's employment status and management problems in the transition period, and establishing the employment philosophy of reciprocal growth and development with employees, the Office, George Washington University Law School and the CLD Consultants (Beijing) jointly launched the CSC9000T Special Training "Employment Equality & Development Together - Building Caring Companies Where Employees Feel They Belong" in Shanghai on October 11. The training program, through interpretation of laws and regulations both at home and abroad and case studies, aims to help trainees understand the multiple effects of equal employment environment and discrimination on the mentality and behavior of employees, hoping to help create a stable, safe and happy working environment and enhance productivity and competitiveness of the enterprises. Over 30 top executives of 15 CSC9000T implementing enterprises from Jiangsu, Zhejiang and Shanghai attended the training along with representatives of the Garment Association of Pinghu City, Zhejiang.

By the end of 2010, the special trainings independently held or co-sponsored by the Office had almost covered all issues related to laborers' rights and interests, and more than 3,000 enterprise managers attended the CSR-specific trainings organized by CNTAC.

## IV. Cooperative Extension of CSR

CNTAC has made great efforts in 2010 to further the cooperation with relevant institutions and industrial organizations. In parallel with creating a better external environment for the industry's CSR work, it also extends

its CSR work experiences to other industries.

### 1. CSR communication

On February 25, 2010, CNTAC and the Chinese Financial, Commercial, Light Industry, Textile and Tobacco Workers' Union held the eighth Joint Conference in Beijing, at which CSR Office briefed the industry's CSR building status of recent years and the progress in the establishment of ISO 26000 CSR standard to the representatives. Chen Rongshu, Vice Chairman of ACFTU and Secretary of Secretariat, on behalf of ACFTU, gave credit to the Chinese Financial, Commercial, Light Industry, Textile and Tobacco Workers' Union and CNTAC for their cooperation in 2009, and expressed ACFTU's continuous support for the industry's CSR work and cooperative extensions. Under this cooperation framework, CNTAC has assisted ACFTU in 2010 in carrying out a serial of coordination and research works in aspects of creating a labor relation harmonious society and promoting the management-labor negotiation system for determining employees' wages.

Also in 2010, CNTAC held many CSR forums and seminars to publicize their CSR building experiences and conduct active dialogues and exchanges with interested parties.

### 2. Trans-industry extension of CSR

As the earliest industry carrying out industry-level CSR works, CNTAC has put one of its focal points on extending its CSR building experiences to other industries and providing technical supports to them for CSR work organization and implementation. In mid 2010, China International Contractors Association (CHINCA) issued the Guide on Social Responsibility for Chinese International Contractors, offering a referential normative framework for Chinese contractors to fulfill their social responsibilities. At the invitation of CHINCA and its partner Deutsche Gesellschaft für Technische



Zusammenarbeit (GIZ), experts from the Office joined the whole process of planning and drafting of the Guide as external advisers, offering for reference their experience regarding CSR development in the textile industry. In late December, Liang Xiaohui, Chief Researcher of the Office was appointed by CHINCA to be a member of its Sixth Expert Committee, mandated to promote the communication and cooperation between peer associations in CSR works.

In late December 2010, the China Tea Marketing Association initiated the drafting of Guidelines for the Sustainable Development of Tea Industry in China. Experts from the Office were again invited to join the drafting team. CNTAC for another time won peer industries' recognition and reference of its CSR building experiences.

## V. International Cooperation of CSR

The international cooperation of CSR for 2010 mainly focused on the industrial responsibility diplomacy and the cooperation relating to CSR standards and systems in supply chain.

### 1. Industrial responsibility diplomacy

In the field of industrial responsibility diplomacy, CNTAC's major work lies in the continuous participation in the campaigns and activities carried out by the UN Global Compact. As the first industrial organization in China joining the UN Global Compact, CNTAC has been actively promoting the popularization and realization within the industry of the ten principles of the Global Compact. In 2009, the UN Global Compact Office took the lead in organizing the formulation of the Guidance on Responsible Business in Conflict-Affected and High-Risk Areas: A Resource for Companies and Investors, which is intended to guide enterprises' investment and

operation in conflict areas. In April 2010, Global Compact Network China invited experts from the Office for Social Responsibility of CNTAC, together with representatives from the China Development Bank, the Export-Import Bank of China, China National Petroleum Corporation and China National Offshore Oil Corporation to form an expert panel to revise the Guidance. The CNTAC experts committed intensive study and deep discussions on the Guidance, and, on behalf of the Chinese industry, submitted a systematic and detailed amendment proposal to the Global Compact.

The UN Global Compact Leaders Summit 2010 was held in New York during June 24-25, 2010. CNTAC Vice President Sun Ruizhe was invited by the Global Compact Office to the Summit, representing industrial organizations in China. Mr. Sun first attended the welcome ceremony chaired by UN Secretary General Ban Ki-Moon. In the formal session, he led a roundtable discussion joined by several global leaders of the industry, at which he introduced the practices and experiences in sustainability development by CNTAC and also offered advices regarding the development of world enterprises from the perspective of a manufacturing industry and small and medium enterprises.



Invited by Global Compact Network China, representatives from CNTAC attended the UN Global Compact China Senior Forum - Sustainability and Millennial Development Target and the 2nd Global Compact China Japan and Korea Roundtable

Conference held in United Nations Pavilion of Shanghai Expo during August 2-3, 2010. Ms. Yan Yan, Deputy Director of the Office presided over the forum "Best Practices for Enterprises to Fulfill the Millennial Development Target", and conducted in-depth discussions with senior managers from domestic and overseas enterprises on the role of enterprises' undertaking and fulfilling social responsibilities for the realization of the UN's millennial development target. At this roundtable conference, Chinese industrial representative and Chief Researcher Liang Xiaohui explained in the special discussion themed "CSR Supply Chain Management for Enterprises" CNTAC's active efforts in promoting CSR cooperation in the supply chain.

In June 2010, UNICEF, the UN Global Compact and Save the Children launched the Children's Rights & Business Principles initiative, to develop a set of principles offering concrete guidances on what business can do to respect and support children's rights. To this end, the three initiative sponsoring organizations organized a 26-member Expert Reference Group (ERG) composed of representatives from business, civil society, UN agencies, academies and governments. Mr. Liang Xiaohui was elected in the group as civil society representative, and he is the only Chinese member in the group.

## 2. Supply Chain Cooperation

Regarding supply chain cooperation, CNTAC will

remain committed to promoting the cooperation with the Business Social Compliance Initiative (BSCI). In October 2010, BSCI Secretary General Mr. Jan Eggert visited CNTAC. The two parties held in-depth discussions on the improvement of capability building, deeper systemic cooperation and other relevant matters. The Office and BSCI totally held three "Trainings for Suppliers in China" in 2010, and over 1,200 people from more than 500 manufacturers took part in the training. Since 2007, approximately 10,000 executives from around 3,000 Chinese enterprises have participated in the training program, which makes it the largest long-term CSR training in China.

From June to September in 2010, the cross validation of CSC9000T and BSCI systems were carried out as scheduled. Five CSC9000T-implementing enterprises were involved in the cross validations. The cross validation report was finished at the end of 2010. DET NORSKE VERITAS (DNV), the independent evaluation organization, deemed it necessary and feasible for CSC9000T and BSCI systems to cross-validate performances, which laid a good foundation for the two organizations to further system cooperation. The third part of this report will open a special topic, taking the cooperation between CSC9000T and BSCI as an example to study the cooperation among CSR standard systems.

In addition, CNTAC and Social Accountability International (SAI) reached a preliminary agreement on the cooperation between CSC9000T and SA8000 systems in 2010.





## Part III : Integration of CSC9000T and the social responsibility system

- Strategic Adjustment of CSR Work
- the framework of social responsibility system cooperation for reference
- System cooperation practice of CSC9000T and BSCI
- Prospect of cooperation between social responsibility systems



The past twenty years witnessed vigorous development of the social responsibility standard, system, or initiative—hereinafter referred to as the “social responsibility system”—, and CSC9000T is also a product against such a background. Such social responsibility systems, while deepening and carrying out the philosophy and norms of social responsibility through their respective promotion and implementation mechanisms, have also brought about many a problem in terms of interrelation: the disharmony or even conflicts among the systems’ requirements, and the overlapping and disintegration of the implementation mechanisms, boil down to the trust crisis of social responsibility and costs and burdens for the entities that implement them. Therefore, ever since the introduction of CSC9000T, China’s Textile Industry Association has maintained that it is essential to strengthen cooperation, integration and mutual recognition among different social responsibility systems, and to actively probe for feasible approaches, so as to heighten the credibility of all systems and their operating levels in different regions and trades through their mutual support and participation, while, on the other hand, hopefully to reduce the responsibility burden of those implementing social responsibility, namely, the numerous textile and garment enterprises. This part gives an introduction to the stance of CSC9000T on related issues, and its expectations, as well as the exploration and practice of systems like CSC9000T and BSCI in system cooperation.

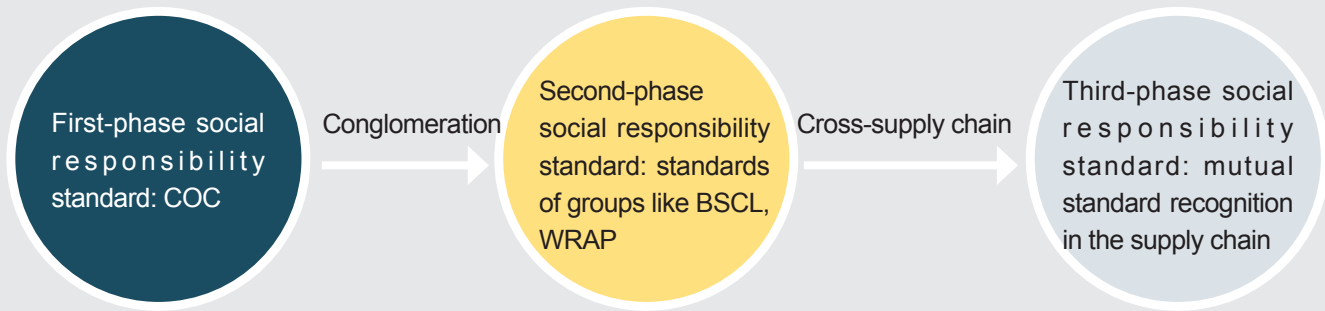
## 1. The necessity of social responsibility system cooperation

### 1. Cooperation is the one and only choice for social responsibility system development

Ever since the first few years of the 1990s, the social responsibility system has undergone three phases of development. First came the Code of Conduct

(COC), introduced solely by multinational companies to regulate the production behavior of suppliers. The vigorous introduction of COC as a social responsibility system group has revealed in a systematic manner two drawbacks in terms of system separation: lack of harmony among systems and a sudden increase in the auditing pressure for implementing entities. On the other hand, as the COC is drafted by enterprises themselves in a “B2B”—business-to-business—manner, lack of transparency and of supervision from the outside is quite common, while to a certain extent stakeholders also have their doubts about its credibility. It is against such a background that the social responsibility system in its second phase, represented by SA8000, WRAP and BSCI, came into being. Such systems are made and run by a third party outside enterprises—mainly composed of non-government organizations and industry organizations, which can also be called community organizations—. Several enterprises, on the basis of a common approval to such system platforms, exercise social responsibility against a common standard. In this way, the social responsibility system in its second phase is characterized by “C2B”, namely, the communication from social organizations to businesses—made mainly of suppliers—. Such “group standards” have achieved better transparency and credibility—while the efficiency and stability of the systems have also been systematically enhanced, resulting in a decreased responsibility burden for implementing entities. Nevertheless, since at one end of it are still independent individual enterprises out of the reach of the norms of social organizations, the second-phase responsibility system has not yet achieved a maximum harmony of implementation results, or a supreme credibility in the whole supply chain. That is why the social responsibility system in its third phase began to emerge at the beginning of this century, that is to say, the cooperation system—the “C2C” system—among “group standards” has become a trend (e.g., the approval and acceptance of SA8000’s auditing results by BSCI).



**Diagram 21 a schematic diagram of the social responsibility system standard in its three phases**

## 2. Cooperation accelerates the localization and internationalization of the social responsibility system

Originated in developed countries while implemented in developing ones, the international social responsibility system is often confronted with problems in its localization. When the participation, dialogue and capacity construction of multiple stake-holders increasingly becomes a commonly-recognized approach for the effective promotion and implementation of social responsibilities, in particular, the social responsibility standard or system from the outside has to meet the expectations and interests of multiple stake-holders to the largest extent possible, and to be able to provide localized dialogue channels and capability construction resources. Therefore, in the presence of local social responsibility systems, the cooperation between international social responsibility systems and local ones will greatly accelerate its localization and win over the support of local stake-holders and resources. China is now a market undoubtedly with the largest international social responsibility system, and the cooperation between the international social responsibility system and its “counterparts” in China will give it an adaptability needed to operate under economical, social, and

cultural circumstances as complicated as those in China. On the other hand, with increased foreign investment, China’s local social responsibility systems, together with Chinese enterprises, will face challenges in international operation. The cooperation between local social responsibility systems and the international social responsibility system, therefore, will help to enhance the globalization of those local systems.

## 3. Cooperation will enhance the credibility and implementation efficiency of social responsibility systems

Under the cooperation mechanism of “C2C”, the system operation of non-government organizations and industry organizations as system operation organizations begins from a point which is largely inconsistent with the commercial interests under the modes of “B2B” and “B2C”. Rather, it is the group value or the industry strategy that is given most consideration. Besides, enterprises, as organization participants or members, will too be bound and guided by related organization policies and behavior, and thus more or less kept from self-interest motivations in the implementation of specific social responsibility systems. In this way, the

various system operation organizations will become more independent, transparent, and responsible, while the dialogue, coordination and supervision among them will be easier, too. Thus, the “C2C”-type system cooperation will greatly enhance the credibility of system operation. On the other hand, system cooperation will help reduce the differences and conflicts among different systems on specific requirements, and in a certain range—geographical or industrial—achieve a uniformity of social responsibility requirements to the largest degree, thus increasing the implementation efficiency of all systems. The current systems, for example, are widely divided in regulation application and regulation conflicts—see Table 1—, while system cooperation will help the systems to adopt a common specification or standard on such core issues, thus reducing frictions and conflicts in the course of implementation, and enhancing the implementation efficiency and effect of social responsibility systems.

## 2. the framework of social responsibility system cooperation for reference

Recent development in the field of social responsibility not only represents the necessity and trend of system cooperation—but also provides a theoretical framework and practice platform for reference. ISO26000, for example, has unified the basic understandings of social responsibility, so that the core ideologies of various systems have gradually become consistent, while the ISEAL Good Practice guidelines put forward by the ISEAL Alliance is an attempt to provide a common and standard management system for the social responsibility standard and system in terms of operation, so as to enhance its performance and influence.

**Table 1 Different provisions for standard application by different systems**

<p>BSCI (Business Social compliance Initiative)</p>	<p>All applicable state laws and regulations, minimum industry standards, ILO, UN Convention, and any other related more demanding compulsory regulations have to be complied with.</p>
<p>WRAP (Worldwide Responsible Accredited Production)</p>	<p>Manufacturers of sewn products must comply with laws and regulations of their business places.</p>
<p>FLA (Fair Labour Association)</p>	<p>Any company that decides to adopt the Code of Conduct of a factory must comply with and support this Code while respecting relevant laws of the country where the factory is. In cases where this Code is different from or contradictory to relevant laws of the country where the factory is, it is the more demanding requirements that are to be met.</p>
<p>FSC (Forest Stewardship Council)</p>	<p>Forest management should be conducted in compliance with laws of the country, as well as international conventions and agreements signed by the country, and with all principles and standards set by FSC. Conflicts between relevant laws, regulations, and FSC principles should be evaluated item by item for the purpose of certification, by certification bodies and other participating or affected parties.</p>

# 1. ISO26000: a guide to social responsibility

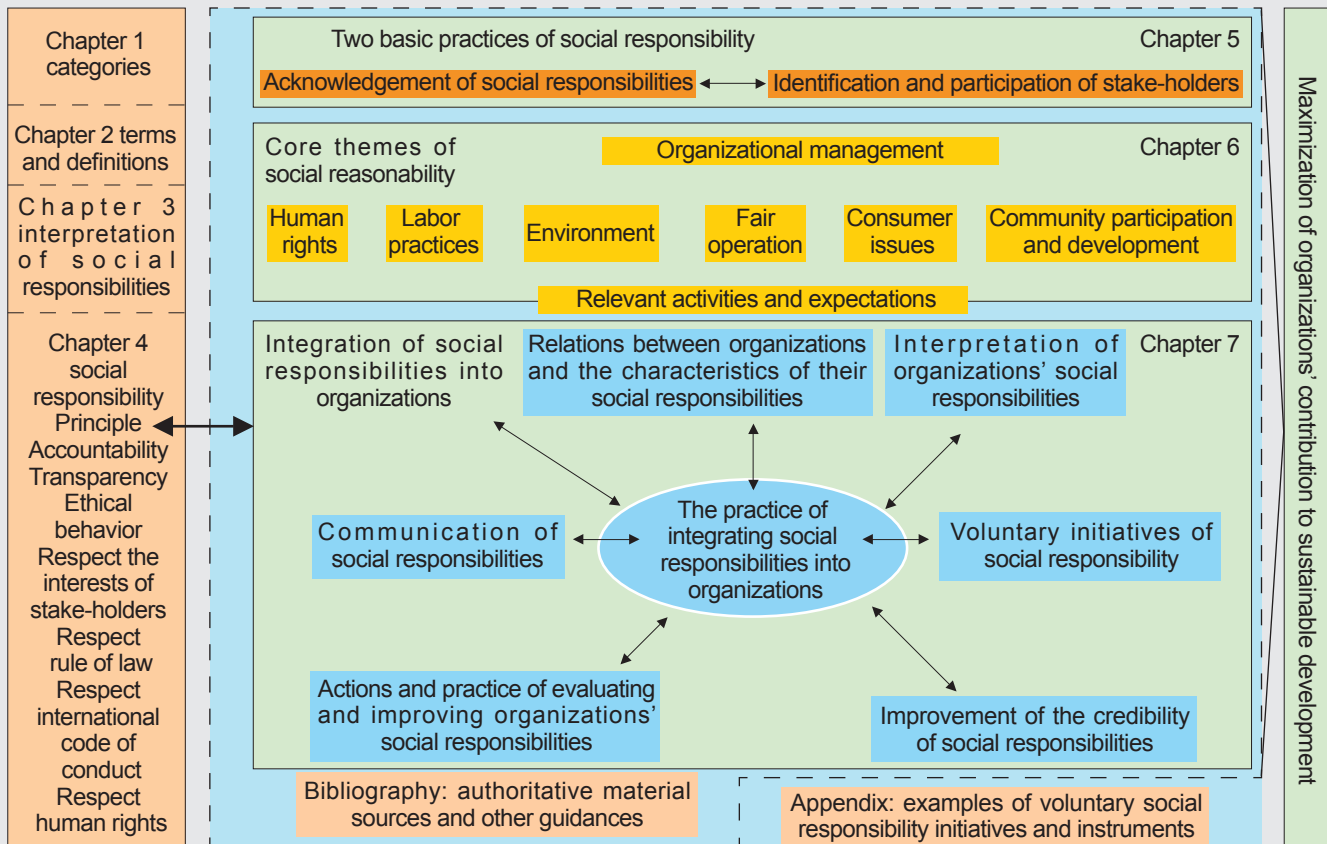
ISO26000, as an international standard for social responsibility, is a result of the experience of various social responsibility standards, proposals, and systems, sums up the general definitions of social responsibility given by various sides, and puts forth principles and methods for the management of social responsibility elements. ISO26000 has put forward proposals, which can be considered as matters of principle, on the core issues of social responsibility, and, while stressing its nature as a guide all along, maintains that there are both similarities and differences in the fulfillment of social responsibilities depending on the country and

industry the organization is in, its own culture and state of development. On this basis, ISO26000 stresses that it does not serve to substitute existing voluntary standards or initiatives in itself, but to provide a common method and approach for the understanding and fulfilling of social responsibilities. Therefore, it may also serve as an accessible reference system for the cooperation and integration of different systems.

# 2. ISEAL Alliance

The international society and environment acknowledging and labeling alliance ISEAL Alliance is an international alliance of social responsibility standards and initiatives. According to ISEAL, voluntary

**Table 22**  
**the structural system diagram of ISO26000**



(Sun Jirong)ISO26000—Milestone and New Departing Point of Social Responsibility development(2), <WTO Tribune>, Issue 11,2010)

standard systems, if effective and applicable, will bring about remarkable positive social, environmental, and economic benefits. It is, therefore, necessary to reach a consensus on the good operation and practice of standard systems. The ISEAL Good Practice Guidelines is a good practice guideline for voluntary standard systems designated by the ISEAL organization, serving as a common code of conduct for its members to comply with. Specifically, it includes standard influence evaluation, sustainable matters, standard supervision and evaluation, and participation of stakeholders of the standards, and so on. In short, ISEAL, by making regular evaluation of its “membership standard” with its specifications, is dedicated to the improvement of the effectiveness and influence of the standards, namely, the “standard management system”. Currently, ISEAL has nine members like SAI, FSC, etc. (Diagram 12). ISEAL, besides providing supervision for various systems, makes it possible too for good practice to be shared among the standards. In a sense, the ISEAL Good Practice Guidelines may provide a scientific methodological foundation for social responsibility cooperation.

Diagram 23 ISEAL membership diagram



Obviously, ISO26000 and ISEAL actually represent two possible ways of system cooperation: the “ISO26000-type”—various systems, under the guidance of ISO26000, conduct self-correction in terms of social responsibility ideology, with the inevitable result of convergence or tolerance among different systems; and the “ISEAL-type”, which pays more attention to the operation of systems—a common platform may be built amongst the systems, with common operation specifications and evaluation mechanisms to comply with, resulting in better coordination and consistency in the operation of systems.

### 3. System cooperation practice of CSC9000T and BSCI

#### 1. Background of the cooperation between CSC9000T and BSCI

The system cooperation between CSC9000T and BSCI began in 2007, as the first experiment of international social responsibility system cooperation. It should be said that the system cooperation between CSC9000T and BSCI has at once the characteristics of both the “ISO26000-type” and the “ISEAL-type”. First, the backgrounds, implementation philosophies, and specifications of the two systems are quite similar (Table 2). The contents of the two systems, in particular, are largely identical. It is noteworthy that the 2008 version of CSC9000T included the elements of environmental protection and fair competition, an improvement that gives full expression to all the existing elements of BSCI in CSC9000T, which forms one of the bases for the integration of the two standards, for shared elements will bring about enormous convenience for system implementers (Table 3).

Second, the cooperation between the two systems is conducted by building a common work platform, while the coordination in the course of system operation and the uniformity of implementation results are consolidated by



**Table 2 Comparison of the backgrounds of CSC9000T and BSCI**

	CSC9000T	BSCI
Management organization	CNTAC	Foreign Trade Association ( FTA ) /BSCI
Proponents	Launched in response to the appeal of over 140 enterprises in the trade	A business proposal involving over 620 members from 15 countries
Concerns and requirements	Social responsibility management systems on the basis of law observance	Social responsibilities ( state laws /International Labor Organization treaties )
Sector	Textile and garment	General sectors, with textile and garment as the main concern
Implementation methods	Self-evaluation/training/performance evaluation , without certification	Audited by a third party, without certification
Textile and garment brands involved	Chinese brands ( which are also suppliers to European buyers )	European buyers, purchasers, and retailers

means of joint training, cross-over evaluation, etc. On 18 November, 2008, CNTAC and FTA held a “China-Europe Social Responsibility Supply Chain Summit” in Beijing, and signed the CNTAC-FTA Supply Chain Cooperation Declaration, putting forth for the first time ever the proposal that “both sides agree to jointly adopt the CSC9000T and BSCI systems and to utilize instruments and work practice through cross-over evaluation, so as to make for mutual recognition between CSC9000T and BSCI”. Ever since 2007, joint training has been intensively conducted by the two sides, in order to unify the understandings and interpretations of the implementation bodies of the two systems, made mainly of China’s textile and garment enterprises in terms of social responsibility concepts, and specific regulations.

After four years’ joint training, there has been profound structural change in the trainees’ training requirements, and more and more participants are inclined to take part in “senior training” in their preference to the beyond-awareness elevation training, namely, in-depth training about labor contracts, working hours and wages, employee-management relations, and management systems. All this goes to show that through joint training, the social responsibility recognition

level of the enormous Chinese textile and garment enterprises, who serve as suppliers of BSCI members and as the implementation enterprises of CSC9000T, has been generally improved, resulting in higher-level demands on the improvement of finer performances and management mechanisms, thus laying a solid foundation for the cross-over performance scrutiny by the two systems. From June to September in 2010 CNTAC and BSCI jointly commissioned DNV to conduct a cross-over evaluation of CSC9000T and BSCI on five textile and garment enterprises, in an effort to assess the compatibility of the two systems in practice and to explore possible ways for further cooperation.

## 2. Major findings in the cross-over evaluation

By the end of 2010, cross-over evaluation organizations submitted the evaluation report to BSCI and CNTAC, and summed up the major findings in the cross-over evaluation.

### 2.1 High consistency of major performance

In regard to performance, CSC9000T, calls

**Table 3 Comparison of elements of CSC9000T and BSCI**

CSC9000T ( Version 2008 )	BSCI ( Version 2006 )
1 . m a n a g e m e n t system	B.1 management practice B.2 file records
2.discrimination	B.8 discrimination
3. trade unions and collective consultations	B.7 freedom of association /freedom of collective negotiation
4. child workers and under-age workers	B.5 child workers / under- age workers
5 . f o r c e d o r compulsory labor	B.6 forced labor / penalty measures / prisoner labor
6. labor contracts	
7. working hours	B.3 working hours
8. pay and welfare	B.4 pay
9.harassment and abuse	B.6 forced labor / penalty measures / prisoner labor
10.occupational health and security	B.9 working conditions B.11 occupational health and security B.10 health and social welfare facilities B.12 accommodations
11. environmental protection ( Version 2008 )	B.13 environment
12. fair competition ( Version 2008 )	

enterprises to improve their social responsibility performances based on the initial assessment, in accordance with systematic management methods through training. The enterprises are only subject to the laws and regulations, there is no additional performance requirement, and their fulfillment of duty will finally reflect in the performance assessment report. BSCI's performance requirement consists of Part B and Part C. Part B covers contents that require enterprises to make a rectification in case of incompliance, while Part C covers the optional performance upgrade. In other words, meeting targets specified in Part B means being approved. Besides, according to BSCI's requirement, meeting the relevant requirements of Chinese laws and regulations can acquire such an approval. Hence, CSC9000T and BSCI integrate into Chinese laws and regulations in terms of entity requirement.

Viewing from the examination of BSCI in cross assessment, among the 13 factors in BSCI' Part B, the factor with the most serious problems is working hour and remuneration, other factors with serious problems are management practice, occupation safety and environment, health and social welfare. And most enterprises can meet the core requirements concerning discrimination, child labor, harassment, abuse, trade union and collective consultation. Assessment results from the same group of factories obtained with CSC9000T assessment tool show performance of

executive enterprises are wholly in agreement with the results from BSCI' examination

Without doubt, there are still some differences between these two systems in respect to specific requirements. For instance, CSC9000T comes up with labor contract request specially, which makes enterprise pay special attention to the signing of labor contract and the controlling of its fulfillment process, while BSCI has no such requests. Take another example of environmental factor. BSCI cares for the environment impact during the production, while CSC9000T demands assessment of environment impact previous to the construction and emphasizes efficient and recyclable utilization.

## 2.2 Mutually supporting and supplementary methods for system implementation

Speaking of methodology, BSCI firstly focuses on continuous improvement of enterprises' practical performance, while CSC9000T stresses construction and perfection of social responsibility management system. For instance, BSCI divides occupational health security into working conditions, safe hygiene, health and social welfare facility, emphasizing specific demands, while CSC9000T stresses the role of management system, and ask to establish a series of control methods such as a whole set of system and program file completion risk recognition, ability upgrade and urgent scheme. These two different methodologies endue enterprises with different results. Because



enterprises with cross assessment have executed CSC9000T from 2007 to 2008, their system files display strong integrality, while two of the five enterprises having received BSCI examination and approval face more direct and immediate pressure from supply chain. Thereby, enterprises that face up to BSCI frankly enjoy higher efficiency of restructuring. Thus, cooperation between BSCI and CSC9000T can offer both short-term incentives for social responsibility performance improvement and long-term method guarantee for management system.

According to feedback from assessment agency, enterprises urgently hope to reduce relevant cost expenditure, and wish a uniform platform that can meet social responsibility demands from all parties concerned. The integration of these two standards shall comply with such a requirement, and can also consider the trust and guarantee of both standard making parties.

## 2.3 Cooperative opportunities among implementation differences

Attitude difference: BSCI is carried out by production factories to meet customers' demands, so all enterprises will display their merits to reviewers, thus making corporate management care about specific areas and operation issues while neglecting system problems; CSC9000T through the coordination and push of industrial associations, sets foot on industrial self-discipline and voluntary participation of relevant enterprises, so enterprises tent to reflect true situation and hope to gain guidance and help. On the other hand, since CSC9000T is a management system, it has been implemented mainly dependent on enterprises' proactive efforts. If supervision and upgrading system is weak, some enterprises with frail will and low ability will lack motivation to continuous improvement and force. So, if the two systems cooperate, they can advance each other and tackle challenges hovering upon them.

Frequency difference: BSCI has strict frequency requirements on examination and approval for

examinees. For example, the maximum examination for an enterprise is 3 times; those unqualified items during the initial examination must be improved in the following reexaminations, and the valid period for examination last for 3 years after the initial examination. In this respect, BSCI can form a recyclable “outside” tug, while CSC9000T management system’s construction can help enterprises to produce “inside” pull.

## 2. Conclusion of cross assessment

The final conclusion of assessment agency is: BSCI and CSC9000T’s high consistence in terms of content and operational supplement formed the base for cooperation and recognition between the two systems. From now on, along with further bridging gaps between systems, they should make use of and play their own advantages in execution fully, namely, CNTAC while advocating CSC9000T can drive enterprises to actively participate in BSCI and assist BSCI to enhance its communication with interest parties concerned in China; BSCI can, on its own platform, make its member enterprises accept CSC9000T as to execute business performance, and make full advantage of CSC9000T to enhance suppliers’ social responsibility management level. In addition, both should advocate the merits of system cooperation and recognition, and win more

systems to participate in cooperation.

## 4. Prospect of cooperation between social responsibility systems

Cross assessment between BSCI and CSC9000T is merely another stage of exploring system cooperation. The next step, for instance, building up open, effective, trustworthy and sustained system cooperation platform, conducting performance inter-recognition, will test the wisdom of both system operation agencies. The initial successful cooperation between Chinese and foreign systems will depend on how to assess and prevent risks in the cooperation between the two systems, thus ensuring a common duty fulfilling level. Therefore, recognition, support and participation of the interested parties of these two systems, especially the vast group of Chinese textiles and apparel enterprises, will create favorable climate and results for system cooperation.

Of course, in the long run, cooperation between BSCI and CSC9000T cannot solve problems of credibility and efficiency in the process of all regions and industries implementing social responsibilities. Only when more standards and systems and proposals abandon prejudices and conduct open cooperation can social responsibility break all sorts of barriers between systems and mechanisms, thus becoming a universal value.







## **Part : the 2011-2012 working plan for social responsibility of Chinese Textiles and Apparel industry**

- Continue to strengthen social responsibility guide in industrial development policy.
- Advocate experience on social responsibility construction in peer industries. Explore long-term promotion mechanism in the field of energy saving and emission reduction
- Deepen and widen social responsibility system cooperation on supply chain

Social responsibility is a solid point in the twelfth Five-Year development plan for textiles and apparel industry, and 2011 marks the start of implementation of this development plan. According to the strategic requirement of the twelfth Five-Year development plan, China National Textile and Apparel Council (CNTAC) will promote the social responsibility construction in an overall, sustained and deep manner in and out of this industry. Specifically, from 2011 to 2012, we are going to facilitate our construction work mainly from the following four major aspects.

### **1. Continue to strengthen social responsibility guide in industrial development policy.**

In recent years, we have been dedicated to winning the support and guidance for social responsibility work from national industries and development policy, mainly by integrating social responsibility management system and performance information disclosure mechanism into industrial development strategy and implementation plan. From the beginning of 2011, the implementation of the twelfth Five-Year development plan requires support of a series of industrial policies and specific plans. We will closely collaborate with the relevant policy-making departments and industrial associations, and in some industrial policies and specific plans, such as the Textiles Industrial Brand Development Plan during the twelfth Five-Year period, adopt the social responsibility requirements, goals, and action plans. Besides, we will enhance the influence of social responsibility in development plans for industrial clusters as well as sub-industries.

### **2. Advocate experience on social responsibility construction in peer industries.**

On one hand, although during the past several years, 2011 in particular, Chinese textiles and apparel industry has won attention and recognition of other industries for its experience on social responsibility construction. However, it has taken offering training and specialized technique support as major form of social responsibility construction and its core experience on industrial social responsibility construction and resource accumulation has not been thoroughly communicated and shared. On the other hand, we deem that peer industries' stepping-up in the process of independent social responsibility construction will intensify the general plan on social responsibility for Chinese industrial communities and their international voice. Hence, with the collaboration and support from relevant government departments, from 2011 we will establish deep cooperative ties with industrial organizations that intend to carry out the social responsibility construction, and systematically transplant the accumulated industrial experience on social responsibility construction and relevant resources into similar industries. This cooperation features superior idea improvement and experience sharing, and conducting social responsibility organizational and implementation mechanical construction together with relevant industrial organizations.

### **3. Explore long-term promotion mechanism in the field of energy saving and emission reduction**

According to China's State development strategy and industrial twelfth Five-Year development plan, energy-saving and emission-reduction will pose a major challenge to industrial work on social responsibility and form a key requirement for industrial upgrading and transformation as well as structure adjustment over the long run. As such, from 2011 we will appropriately adjust our work focus, and make effort to develop and nurture energy-saving, environmental and low carbon production program based on the Chinese textiles and apparel industry energy-saving and emission-reduction performance assessment activity. The program includes supplying textiles and apparel industry with energy-saving and emission-reduction technology, information and expert platform, and R&D industrial carbon footprint assessment and accounting solution, assist the local government departments and industrial organizations in working out the industrial policies and program plans in terms of energy-saving and emission-reduction, and advance clean production and low carbon consumption concerning the textiles and apparel value chain together with brand owners both at home and abroad.

### **4. Deepen and widen social responsibility system cooperation on supply chain**

In 2010, we have completed cross assessment between the two systems of CSC9000T and BSCI, whose similarities and differences have both been put to test. On such a basis, from 2011 we will explore with BSCI the next approach to deepening system cooperation, providing a specific roadmap for the integration and recognition between these two systems. Meanwhile, in 2010 we also conducted several discussions with Social Accountability International (SAI) on cooperation between CSC9000T and SA8000 reached preliminary agreement. In 2011, three systems will consider building multi-system cooperation and integration platform, thus making further system cooperation possible both in horizontal and vertical directions. In addition, we will also study with system cooperation platforms like ISEAL how to facilitate collaboration and integration of standard system.

## Chronicle of Events from 2005 to 2011

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**May. 28th-30th, 2011 |** “Technical Training for Chinese Textile and Apparel Enterprises in Promoting Energy-saving and Emission-reduction as well as Enterprise Sustainable Development Projects, with a theme of “carrying out responsibilities lie in all of us”, was held in Pinghu city of Zhejiang Province jointly by China National Textile and Apparel Industry Council, International Labor Organization, United Nations Industrial Development Organization and the government of Pinghu city.

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**May. 26th, 2011 |** Zhu Hongren, the Party member and the chief engineer of Ministry of Industry and Information Technology, expressed explicitly, at 2011 Release Conference of Social Responsibility Reports of Chinese Industrial Economical Enterprises , that the construction experience of social responsibilities by textile industry shall be encouraged to expand to electronics industry.

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**Jan. 24th, 2011 |** Policies and Regulations Department of Ministry of Industry and Information Technology held a work forum about social responsibilities of textile and electronic industry.

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**Feb. 13th, 2011 |** The Ninth Joint Meeting by China National Textile and Apparel Industry Council and China Finance and Trade Union for Light Textile and Tobacco was held in Beijing on 13th, February, 2011.

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**Jan. 24th, 2010 |** China Tea Marketing Association organized and compiled the Guidelines for Sustainable Development of China Tea Industry, and experts from Social Responsibility Office of China National Textile and Apparel Industry Council participated in the specialist group for compiling.

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**Jan. 22nd, 2010 |** China International Contractors Association released the Guide for Social Responsibilities of Chinese International Contractors Industry, the compilation of which received the technology support from China National Textile and Apparel Industry Council



## Chronicle of Events from 2005 to 2011

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**Dec. 1st, 2010** | two awards of “Golden Bee 2010 Excellent CSR Report—Growth Enterprise” and “Golden Bee 2010 Excellent CSR Report—Special Awards” were given to the Guide 2009 to Corporate Social Responsibility Reporting, compiled by Jiangsu Danmao Textile Co.,Ltd and Advancetex Fasion Garment Manufactory Ltd.

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**Oct. 11th, 2010** | The activity named as “China National Textile and Apparel Industry Council CSC9000T Special Training: Employment Equality and Common Development to Create a Company of Individual Orientation and with Sense of Belonging” was jointly conducted, at Shanghai on 11th, October , 2010, by Social Responsibility Office of China National Textile and Apparel Industry Council, George Washington University Law School and CDL Consultants Beijing Co., Ltd.

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**Aug. 29th, 2010** | On, 29th , August, 2010, the practical and special training for social responsibility titled as “Working hours Controlling and Productivity Improving” was held in Wenzhou by Social Responsibility Office of China National Textile and Apparel Industry Council and Wenzhou Clothing Chamber of Commerce.

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**Jul. 30th, 2010** | “2010 Joint Release Conference of Sustainability Reports of Chinese Textile and Apparel Enterprises—the Fifth Anniversary of Sustainability Practice by Chinese Textile and Apparel Industry 2005-2010, together with the Launch Ceremony of Industry Campaign in Promoting Energy-saving and Emission-reduction Best Practices and Techniques”, was held on 30th, June, 2010 at the Great Hall of the People by China National Textile and Apparel Industry Council.

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**Jun. 24th-25th, 2010** | Vice president Sun Ruizhe attended United Nations Global Compact Leaders Summit in New York City.

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**May 26th, 2010** | Vice president Sun Ruizhe attended the joint CSR reports launch conference organized by China Federation of Industrial Economics (CFIE) and CNTAC contributed technical support and advice for CFIE’s revised CSR guidance released at the conference.

- Feb. 25th, 2010** | The 8th Joint Conference between CNTAC and the Chinese Financial, Commercial, Light Industry, Textile and Tobacco Workers' Union Convened and ACFTU expressed continuous support for industry's CSR work.
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- Jan. 12th, 2010** | The joint release of ten CSR reports by enterprise of the industry selected as 2009 top news event of the industry by textile and fashion media.
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- Dec. 2nd, 2009** | CNTAC awarded with the "2009 Golden Bee Special Contribution Award for Social Responsibility Reporting in China" at the China Social Responsibility Reporting Symposium co-organized by China WTO Tribune, the Sino-German Corporate Social Responsibility Project of the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), and China Business Council for Sustainable Development (CBCSD).
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- Nov. 30th, 2009** | Shanxi government made specific reference to CSC9000T in evaluating the social performance of SMEs for CSR awards.
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- Nov. 30th, 2009** | Mr. Sun Ruizhel met the French delegation headed by Mr. Michel Doucin, the visiting ambassador of Social Responsibility of the French Ministry of Foreign Affairs, and exchanged views on social responsibility concerns.
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- Nov. 21st, 2009** | CCTV2 aired documentary "The Wealth of Responsibility", broadcasting the industry's practice and experience in CSR.
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- May & Nov., 2009** | CNTAC and BSCI conducted joint trainings for suppliers, 2,700 managers from over 1,500 factories participated.
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- Oct. 17th, 2009** | Evaluators and trainers' upgrade training for the new version of CSC9000T held in Beijing, 22 CSR experts participated.

## Chronicle of Events from 2005 to 2011

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- Oct. 5th-6th, 2009** | Representative of CNTAC attended the Symposium on Enhancing Public-Private Partnership on Corporate Social Responsibility organized by the Asia-Pacific Economic Cooperation (APEC) in Hanoi, Vietnam, and presented the practice of the industry in social responsibility.
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- Jun. 29th, 2009** | Joint Launch Conference of Sustainability Reports of Chinese Textile and Apparel Enterprises held in Beijing and ten textile enterprises released their first CSR reports, making them the first group of companies in the industry that have published verified CSR reports.
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- April, 2009** | China Sustainability Reporting-Verification Rules and Instructions (CSR-VRAI) and the China Sustainability Reporting-Indicator Definition and Assessment (CSR-IDEAS) released, marking the establishment of China's first CSR reporting assurance system.
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- Nov. 18th, 2008** | The Sino-EU Supply Chain Leaders Summit Talk and 2008 Annual Conference on Social Responsibility of China Textile and Apparel Industry convened in Beijing, at which CNTAC and Foreign Trade Association in Europe signed the Declaration of Cooperation on Supply Chain. Two parties agreed to simultaneously adopt CSC9000T and BSCI systems, and conduct cross-evaluation through tools and work practices to achieve mutual recognition between CSC9000T and BSCI.
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- Nov. 7th, 2008** | The 2008 Version of CSC9000T China Social Compliance Management System for Textile and Apparel Industry passed expert committee's review, with the conclusion that the 2008 Version is qualified to be released and applied.
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- Oct. 11th-15th, 2008** | The delegations of Chinese textile industry attended the annual conference of International Textile Manufacturers Federation (ITMF) in Mauritius, which was China's first presence at the conference after it became a member of ITMF in April. The theme of the conference was environmental protection and sustainable development. Vice president Sun Ruizhe delivered a speech at the conference on "Marching Towards Sustainability-Output, Added Value and Social Responsibility".

- Sep. 22nd-23rd, 25th-26th, 2008** | The 1st Internal Auditor Training for CSC9000T implementing enterprises held in Shanghai and Guangzhou. Present at the two-day training courses were 130 delegates from 41 enterprises, including the first batch of CSC9000T pilot enterprises.
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- Sep. 2nd-5th, 2008** | Upon the invitation of Royal Norwegian Ministry of Foreign Affairs and ETI-Norway, representatives from the Office for Social Responsibility of CNTAC visited Oslo and exchanged ideas and experiences on CSR with various stakeholders.
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- August, 2008** | CNTAC joined the United Nations Global Compact, making it the first Chinese industrial association that is a member of the UN Global Compact.
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- Jun. 18th, 2008** | The China Sustainability Reporting-Guidelines for Apparel and Textile Enterprises (CSR-GATEs) and 2007 Annual Report on Social Responsibility of the Chinese Textile and Apparel Industry launched in Beijing. The launch conference marked that the establishment of sustainability reporting systems at both industrial level and corporate level.
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- Apr. 18th-20th, 2008** | 16 experts from the Responsible Supply Chain Association (RSCA) of CNTAC partner agencies attended the third training session for CSC9000T trainers and evaluators held in Beijing, which made the experts of CSC9000T more than 50.
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- Apr. 18th, 2008** | Vice president Sun Ruizhe introduced CSC9000T and related practice of CNTAC at the World Investment Forum organized by UNCTAD and WTO.
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- Apr. 2nd, 2008** | China Federation of Industrial Economics (CFIE) launched CSR guidance, a joint work and initiative with CNTAC.
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- Mar. 4th, 2008** | Vice president Sun Ruizhe met with Ms Hannah Jones, vice-president of the NIKE Company and her delegation in Dongguan, Guangdong Province. Both sides agreed on cooperation in promoting corporate responsibility on textile supply chain, including information sharing, stakeholder dialogues and capacity building.



## Chronicle of Events from 2005 to 2011

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- Dec. 18th, 2007** | The CSC9000T Plan 200.8 launched at the 2007 Annual Conference on Social Responsibility of China Textile and Apparel Industry.
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- Dec. 1st, 2007** | Joint CSR project between CNTAC, ILO and UNIDO conducted in Zhongshan, Shengze and Haining, with over 180 participants from 25 companies.
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- Nov. 28th-Dec.7th, 2007** | The study tour to Europe of CNTAC CSR delegation at the invitation of the Free Trade Association and European companies.
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- Nov. 21st, 2007** | Joint training on the prevention of work-place sexual harassment between CNTAC and the Women's Legal Service Center of Peking University implemented at Beijing Aimer Lingerie Company.
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- Nov. 12th, 2007** | CCTV interviewed CNTAC expert about the industry's experience in prevention sexual harrassment at workplace.
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- Nov. 12th, 2007** | CSC9000T ranked the first grade in CNTAC technology advancement awards.
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- Oct. 23rd-26th, 2007** | RSCA provided trainings on the Labor Contract Law in Shanghai and Shenzhen to Member Companies.
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- Aug. 31st, 2007** | The initial evaluations of "10+100+1000" Project commenced at 50 companies in 5 clusters: Puyuan, Shenhu, Pinghu, Haining and Jintan.
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- Aug. 10th-12th, 2007** | The second group of CSC9000T auditors and trainers trained in Beijing.
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- May 26th-Jul. 11th, 2007** | The launch ceremonies of CSC9000T "10+100+1000" Project and the awareness trainings on CSR held in Puyuan, Humen, Shishi, Shenhu, Pinghu, Haining, Kaiping, Jintan and Zhongshan.
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- Jun. 28th, 2007** | The Office for Social Responsibility of CNTAC gave training on CSR to representatives of over 50 sub-industries of China Confederation of Light Industries.

- Jun. 16th, 2007** | Workshop for media observers on CSR held in Beijing.
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- May 22nd, 2007** | The National Development and Reform Commission (NDRC) issued a public report on the development of social responsibility in China textile and apparel industry.
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- May 18th, 2007** | Cooperation Agreement signed with FTA to further the unity between BSCI and CSC9000T systems.
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- May 9th-10th, 2007** | RSCA offered trainings on CSR to over 30 Chinese NGO representatives.
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- Apr. 17th, 2007** | China Textile Round Table Forum on Corporate Social Responsibility discussed the practice, experiences and challenges on CSR.
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- Apr. 13th, 2007** | CSC9000T passed the project appraisalment organized by CNTAC.
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- Apr. 10th, 2007** | Mr. Sun Ruizhe met with OECD officials for financial and enterprise affairs, discussed CSR issues.
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- Apr. 3rd-10th, 2007** | CSC9000T nominated by the NDRC as an industrial standard.
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- Mar. 31st, 2007** | The first batch of CSC9000T auditors and trainers trained and certified by RSCA.
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- Mar. 12th, 2007** | President Du Yuzhou submitted the “Two Policy Proposals concerning the Implementation of CSR in Textile and Apparel Industry” at the NPC and NPPCC meeting.
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- Feb. 28th, 2007** | The 5th Joint meeting between CNTAC and All-China Federation of Trade Unions (ACFTU) discussed CSR issues.
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- Jan. 18th, 2007** | The International Seminar on the Prevention of Work-place Sexual Harassment acknowledged the experience of CNTAC in related areas.

## Chronicle of Events from 2005 to 2011

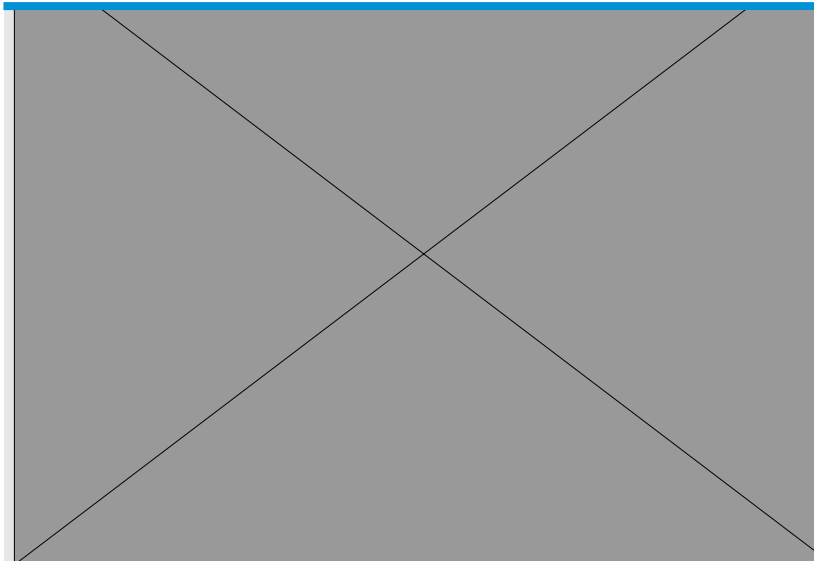
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- Dec. 12th, 2006** | The First Annual Conference on CSR of China textile and apparel industry was held and the Annual Report on Social Responsibility of China Textile and Apparel Industry (2006) published.
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- Nov. 11th, 2006** | The EU-China Corporate Social Responsibility Forum and its related training programs were jointly organized by CNTAC and EU DG Enterprise in Humen, Shishi and Haining, three major textile industrial clusters.
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- Jul. 26th, 2006** | Ministry of Finance, the NDRC and Ministry of Commerce jointly issued a circular regarding “the Policy to Encourage Chinese Textile Enterprises in Adjusting the Growth Mode and to Expand Business in Overseas Markets”, placing emphasis on supporting the textile industry to develop CSR management system, formulation of industry specific CSR initiative and its dissemination both at home and abroad.
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- Jun. 13th, 2006** | NDRC circulated the “Development Guidelines on the Textile Industry in the 11th Five-year Plan Period”, underlining the dissemination and improvement of the CSC9000T management system in Chinese textile industry for better CSR performance.
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- Apr. 29th, 2006** | 10 ministries and government departments, including the NDRC, Ministry of Labor and Social Security and Ministry of Commerce jointly issued a circular concerning the acceleration of the textile industry structural adjustment, stressing the encouragement of the textile industry to implement the CSC9000T management system to improve CSR performance.
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- Apr.1st, 2006** | The Environmental and Social Compliance Program for China Textile Industry jointly sponsored by CNTAC, the IVAM of University of Amsterdam and University of Shandong was initiated, which is a part of “Asia Facility for China 2005”, a Sino-Dutch governmental cooperative project.

- Mar. 28th, 2006** | CSC9000T Implementation Guidance was completed and its Pilot Program launched.
- 
- Nov. 30th, 2005** | CNTAC was invited to attend the UN Global Compact Leaders Summit in Shanghai, and the creation of CSC9000T was introduced.
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- Oct. 27th, 2005** | CNTAC signed a Letter of Endorsement on CSC9000T with the Canadian retailer Hudson's Bay Company.
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- May 31st, 2005** | The Responsible Supply Chain Association (RSCA) of CNTAC was established and China Social Compliance for Textile and Apparel Industry Management System- CSC9000T (Principles and Guidelines) published.
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- Mar. 22nd, 2005** | A group of 140 Chinese textile and apparel enterprises proposed the joint initiative regarding "Greater CSR Advocacy" to further address CSR related issues in support of developing industry specific and self-disciplinary CSR codes by CNTAC.
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- Jan. 17th, 2005** | The Chinese textile delegation led by Mr. Du Yuzhou, President of CNTAC attended the Canadian Retail Conference in Toronto and the Annual Conference of National Retail Federation in New York. Mr. Du made speeches at both events and had broad exchange of views and ideas with international retailers on CSR advocacy and construction in the Chinese industry.



## Introduction of the Office for Social Responsibility of CNTAC



Established in May 2005, the Office for Social Responsibility of CNTAC is China's first permanent social responsibility institution at the national level, and the executive body of the Responsible Supply Chain Association (RSCA) under the direct administration of CNTAC.

### Visions & Goals

The visions and goals of the Office are to realize sustainable development of the industry by guiding businesses within the industry to follow the scientific approach of development, enhance core competitiveness and get integrated into the global economy, as well as by engaging with domestic and international stakeholders to promote a responsible global supply chain.

### Competencies & Services

Operates and improves CSC9000T China Social Compliance for Textile and Apparel Industry, in line with Chinese law, international conventions and specific industrial conditions;

Conducts performance evaluation of the CSC9000T management system and issues performance reports,

provides training and consulting services, technical and professional assistance to businesses in the establishment and operation of CSC9000T management system;

Establishes and manages databanks on CSR information and CSR performance of Chinese textile enterprises, and constructs platforms for supply chain dialogues and business supporting systems;

Provides professional assistance in sustainability information disclosure based on China Sustainability Reporting-Guidelines for Apparel and Textile Enterprises (CSR-GATEs) and ensures the quality of reporting through assurance systems;

Exchanges CSR information and promotes best practices by organizing forums, symposiums, seminars and field studies;

Provides consultation on CSR and supply chain issues to government bodies, civil organizations, trade unions, other industry associations and stakeholders on international textile supply chain;

Undertakes CSR-related research and education programs.

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